

Implications of Structural Change for Farms and Rural Economics



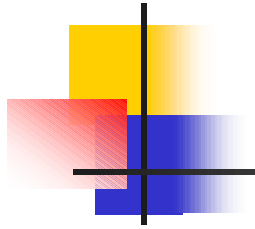
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USDA Agricultural Outlook Forum 2001



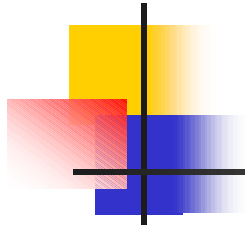
1. Introduction

- Pressures
 - Technology
 - Globalization
 - Place Policy
 - Infrastructure
- Path Dependence
- Divergent Interests of Farmers and Other Rural Residents
- Political interests and the pace of policy change



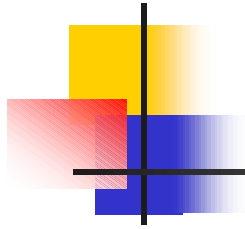
2. Pressures for Change

- Technology
- Globalization
- Agricultural and Environmental Policy
- Infrastructure



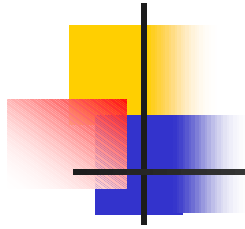
Technology

- Productivity Increase
- Scale and Scope Economics
- Agriculture and the Economic Base
- Mobility of Talent
- Incentives to New Industry
- Questions About Value-Added Agriculture



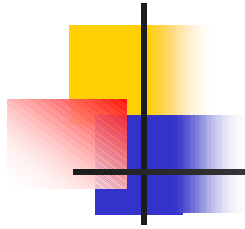
Globalization

- Open and Freer Access to Markets
- Consumer Driven
- Product Differentiation
- Returns to Scarce Factors
- How Prepared Are Farmers and Rural Communities?



Place Policy

- Agricultural and Environmental Policy
- Heavy Focus on the Interests of Agriculture
- Attributes of Places that are Attractive
 - Amenities
 - Diversity
 - Participatory



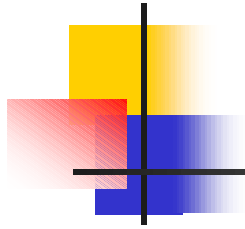
Infrastructure

- Aging Public Service Capacity
 - High Cost of Replacement
 - Lack of Related Planning
 - Implications for Farms/Community Competitiveness
- Access
 - Telecommunications
 - Air Travel
 - Incidence of Impact
- Hard Choices
 - Build Competitive Urban Areas
 - Invest in Rebuilding Rural Areas
 - Best Overall Growth Strategy



3. Choices for Farming, the Rural Economy and for Policymakers

- Farms
- Rural Communities/Economies
- Farm and Rural Policy



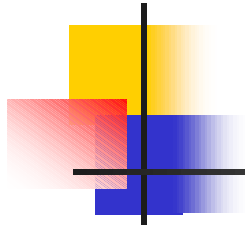
Farms and Farming

- Global Markets
- Product Differentiation
- Current Policy Incentives
- Link to Rural Economy



Rural Communities and the Rural Economy

- Global Economy
- Place Competitiveness
 - Public Services
 - Private Services
 - Place
- Industry Policy
- Differentiation, Same as the Response for Farms



Farm and Rural Policy

- Different Policies
- Farm Policy
 - Complex of Objectives
 - Different Instruments
 - Much to Learn From Other Sectors
- Rural Policy
 - Within Communities
 - Role for State and Federal Government
 - Differentiation



• Concluding Observations

- Disappointment with Current Policy
- Time for Change
- Where is the Framework?
- A New Basis for Linking Farm and Rural Interests